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The Uberisation of work: the challenge of regulating platform capitalism. A commentary

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ABSTRACT

Under platform capitalism a new business model and a new work order has emerged. The tech giants such as Uber, Amazon and Apple that drive this business model have unprecedented levels of power. This power lies in the hands of a few individuals who divest themselves from employment responsibilities through technology-enabled outsourcing and subcontracting practices that remotely manage their fragmented supply chains. A new form of algorithmic control is introduced where “workers” are managed through online platforms, monitored indirectly and expected to produce measurable outputs. However, the model is generating open resistance across the globe and new ways of regulating these companies is emerging. Drawing on a range of recent publications I argue that to be effective these attempts at regulation will require a coordinated challenge from above as well as below. This requires a deeper understanding of the new forms of ownership in the platform economy, the nature of this new world of work and the responses being made by this global workforce.

KEYWORDS

Precarious work; platform capitalism; new work order; regulation

I am writing this comment in the wake of the very tight lockdown imposed on South Africa between 17th March and 30 April 2020 in response to COVID −19. For many working in the digital gig economy, the five week lockdown was a period of unprecedented insecurity and hunger, without work, income or benefits. For the food service delivery workers connected to Uber Eats that I have begun to study, the devastation of this period was deepened by the fact that they were immigrants and were not entitled to the income relief provided by the state during the pandemic.

Many countries have embraced the promise of the digital economy with enthusiasm. In the UK the Taylor report argued that platform or gig based work provided welcome opportunities for those who may not be able to work in more conventional ways (Taylor Report, 2017). In South Africa an initiative with presidential support, South Africa in the Digital Age (SADA), sees significant income opportunities in three broad areas: globally traded services, labour absorbing platforms, and as a technology hub (SADA, 2019). For many young people desperate for a job it is an opportunity to be your own ‘boss’ or be ‘self-employed’. Indeed, because of the flexibility and the ‘freedom’ that comes with Uber Eats some believe they are in ‘partnership’ with the company as opposed to being employed by them (Webster et al. 2020).
It was estimated in 2015 that at least 45 million users worldwide registered on digital platforms. In the United States, the percentage of workers engaging in work arrangements alternative to standard employment grew from 10.7% to 15.8% of the entire workforce between 2005 and 2015. In the UK, it is estimated that 1.3 million workers (around 4% of the entire workforce) engage in gig work. Platforms such as Uber and Deliveroo operate in more than 75 cities in the UK alone, and in more than 500 cities in the world (Balaram, Warden, and Wallace-Stephens 2017). The latest estimates suggest that Africa accounts for just around 4.5% of the global gig economy workers (Anwar and Graham 2020).

15,000 couriers worked for Deliveroo in the UK as of February 2017. This, Callum Cant argues, is nowhere near the big players in retail, logistics, healthcare and manufacturing. What matters, he writes, is less the actual size of the workforce but ‘more the way they change the landscape of the wider economy’ (Cant 2020, 12). They are an example of what has become known as ‘disruptive innovation’; they circumvent existing rules on employment, social protection and corporate taxation and the regulatory differentiation between genuine self-employment and the bogus variant remains unsolved in the platform economy (Vandaele 2018, 8).

In recent years the tech companies that drive platform capitalism have come under fire for their precarious working conditions and face a mounting backlash around the world. In May 2020, for example, a senior software engineer resigned from his position in Amazon as an act of solidarity with workers who were dismissed for protesting against working conditions at the company amid the coronavirus pandemic (Business Day 2020). There are growing calls for the reregulation of labour markets and increased social protection.

The new digital technology has led to a disconnect between the labour legislation and social protection system introduced in the industrialized world after the Second World War and the emerging realities of the 21st labour market. As Ursula Huws argues, there have been many attempts to accommodate all the exceptions to the standard capitalist system through the Varieties of Capitalism approach (VoC), but ‘it is rare to find a challenge to the norm of the basic contractually defined standard relationship between employer and employee as the way that work is, or should be, organised’ (Huws 2016, 8).

The tension between the promise and the pitfalls of this new world of work is best captured by American social scientist Gerald Friedman: ‘While the rise of this “gig” economy is praised by some as a response to the wishes of a more entrepreneurial generation, it … calls for new initiatives in social policy because it shifts more of the burden of economic risk onto workers even while removing gig workers from many of the employment-bound New-Deal-era social insurance programs’ (Friedman 2014, 35).

The collision between these powerful Tech Giants and a growing challenge from below is leading to a contest over the nature of global governance. It is a contest over the form of these tech companies (their unprecedented power and monopoly positions) and over their policies (the excessive remuneration to top executives and their employment policies). It is a very unequal contest over how to regulate platform capitalism. But it is generating, especially under the pressure of COVID-19 and food insecurity in the Global South, innovative proposals that have been dismissed in the past as utopian.

In this essay I make three points; firstly, under platform capitalism a new business model and a new work order built on cheap labour has emerged. Secondly, the model is
generating open resistance across the globe to these new toxic forms of managerial control. Thirdly, in response to the rogue behaviour of these tech giants new ways of regulating these companies is emerging. I conclude by arguing that to be effective these attempts at regulation will require a coordinated challenge from above as well as from below. This requires a deeper understanding of the new forms of ownership in the platform economy, the nature of this new world of work and the responses being made by this global workforce.

The aim of the workshop on which this Special Issue is based was to identify and analyse the alternatives to the traditional corporation that are emerging in the global South and examine in-depth the forms these alternatives are taking. We were concerned to examine whether there was a shift towards greater responsiveness by enterprises towards societal issues, as well as towards workers and their communities. Hence we included in our project a focus on co-operatives, co-determination and a stakeholder approach to the enterprise. However, the trends revealed in this commentary suggest a shift in the opposite direction, a return to the despotic rule of the ‘robber barons’ of late 19th-century American capitalism.

1. Platform capitalism

At the centre of what has become known as platform capitalism are unprecedented levels of power in the hands of a few individuals in a small number of corporates, namely, Facebook, Apple, Amazon, Microsoft, Netflix, Google and Spotify (FAMNGS) (Srnicek 2016). They account for 20% of the US stock market. The platform business model has, Rahman and Thelen (2019) argue, transformed the employment relationship and undermined worker rights. The model creates a highly segmented labour market: a small core of high value-added activities and a non-core of outsourced and franchised activities. On the one hand, the core workers enjoy enhanced salaries, pensions and other benefits. Their founders and CEOs such as Jeff Bezos, Bill Gates and Mark Zuckerberg are amongst the richest in the world. On the other hand, the workers at the peripheral or outsourced outlets have to make do with much inferior and often precarious pay and working conditions. Fleming (2017) refers to this as the Uberisation of the platform economy workforce.

In a nutshell, these new business entities concentrate on high value-adding activities while divesting themselves from ‘downstream’ employment liabilities through technology-enabled outsourcing and subcontracting practices that remotely manage its fragmented supply chains.

Their practices rest on three key characteristics. The first is that these tech giants display ‘monopoly tendencies’, as exemplified by the trillion dollar valuations many of them have achieved and their drive to undercut other producers (Srnicek 2016, 48; see also Nocke, Peitz, and Stahl 2007). Secondly, their willingness to by-pass standard corporate governance norms, and a particular liking for dual class shares (DCS) giving their founders huge salaries and very extensive share options (Govindarajan and Srivastava 2018). A third characteristic of these tech giants is their employment polices where the ‘workers’ are classified as ‘partners’ and designated as independent contractors with self employed status. The ‘partner’ provides the tools of their trade and are paid on a piece work basis – not for their working time. Due to their self employed status, the company by-passes the rights of workers covered by an employment contract.
Platform capitalism has created a new work paradigm where workers are managed through online platforms, monitored indirectly and expected to produce measurable outputs (Huws 2016). Work is ‘logged in’, Ursula Huws explains, through three distinct ways: it is cut up into standard and quantified components; it is subjected to continuous surveillance and monitoring; and it requires a worker to be connected to an online platform in order to obtain work (Ibid, 15).

Instead of clocking-in as in a traditional workplace with their time card, Alessandro Gandini explains, ‘gig’ workers log in to an app and, in so doing, come to be subject to an external authority that

(a) translates consumers demand into orders they need to execute;
(b) determines what tasks they have to execute, where and when;
(c) directly or indirectly determines how much money they will be paid for the execution of such tasks;
(d) directly or indirectly controls the execution of the work and the worker’s performance at work. (Gandini 2019)

Drawing on labour process theory it is possible to identify three common features of digital work. Firstly, there is a common point of production, the app. The app is where worker and customer encounter each other and it is the app that operates as the point of production. The percentage fee is determined by the platform itself on the basis of algorithmic elaborations the specifics of which are inaccessible to workers. They either accept or decline; they cannot intervene in the calculation. If they do, the app can be deactivated.

Secondly, embedded in the work is customer feedback where the drivers are ranked and rated. This is translated into a reputational score, a proxy of trustworthiness. Arlie Hochschild (1983), in a classic study of flight attendants in the United States, describes this as a form of emotional labour. ‘This labour’, she says, ‘requires one to induce or suppress feeling in order to sustain the outward countenance that produces the proper state of mind in others – in the case of flight attendants, the sense of being cared for in a convivial and safe space’ (Ibid, 7).

Thirdly, a new form of managerial control is introduced, what Gandini calls a form of techno-normative control over workers: (a) platforms are akin to management by customers’, similar to call centres; (b) personal bests (PBs) are used to stimulate and reward workers. These forms of control make invisible the management figure – they become hidden and inaccessible (Gandini 2019).

This new work paradigm of gig work exemplifies new market-based principles where precarious employment relations along with algorithmic controls of the labour process are used to great effect in shifting risks from capital to labour. Furthermore, gig work favours individual freedom over collective freedom, which further puts pressure on workers’ ability to control their wages and working hours. As a result, the alleged freedom in gig work, which offers workers flexibility to schedule their working and personal lives freely, is heavily constrained (Gandini 2019: see also Anwar and Graham 2020, 16).

Callum Cant calls it algorithmic management, which he says is authoritarian management: ‘the app spits out a sequence of repetitive commands and you just have to do it’ (Cant 2020, 59). The app makes all the decisions, because the app has all the information
The app deskills workers; they follow instructions from programmes created by software engineers (Ibid, 62). I turn now to my second point, the growing resistance to this new form of control.

2. Food couriers’ disruptive capacity

In light of the individualisation, dispersal and pervasive monitoring that characterise work in the ‘gig economy’, Tassinari and Maccarrone (2020) argue that the development of solidarity among gig workers is unlikely. However, numerous recent episodes of gig workers’ mobilisation require reconsideration of these assumptions. They show the processes through which workplace solidarity among gig workers developed in two cases of mobilisation of food delivery platform couriers in the UK and Italy. Through the framework of labour process theory, they identify the sources of antagonism in the app-mediated model of work organisation and the factors that facilitate and hinder the consolidation of active solidarity and the emergence of collective action among gig workers. Their article emphasises the centrality of workers’ agency in overcoming constraints to solidarity and collective action, and the diversity of forms through which solidarity can be expressed in hostile work contexts.

Tassinari and Maccarrone (2020) develop a four-sided model of food delivery platforms to illustrate the work process.

Source: Tassinari and Maccarrone (2020, 7)

Two central factors enabled solidarity between couriers: the availability of ‘free spaces’ and the existence and nurturing of social relations. Beyond the initial collective expression of grievances, interviewees highlighted that a sense of shared identity as gig workers was forged also through the experience of mobilisation itself. The experience of protesting in large numbers – outside the company’s offices and in the streets – empowered the participating workers, leading to a realisation that taking action was possible and, in some respects, also easy (Tassinari and Maccarrone 2020).

What enhances digital workers’ bargaining power? Cant (2020) argues in his account of Deliveroo, that digital management methods facilitate courier mobilization. It is, he argues, a breeding ground for self-organized courier associations boosting their associational power (Ibid, 16) He debunks the narrative on social entrepreneurship, arguing for the need to translate these gains into rule making and institutional power, for example, a national minimum wage.

The assumption that digital gig work is a form of social entrepreneurship where drivers are self-employed and have freedom and flexibility is loaded with the language of neoliberalism, Anwar and Graham (2020) argue the implication that they have freedom of choice of employer, jobs, working hours and plan of work, is misleading. ‘But freedom “they emphasize,” is constrained by algorithmic controls set up by digital work platforms . . . (which) are used to great effect in shifting risks from capital to labour . . . ’ (Tassinari and Maccarrone 2020, 14).

Kurt Vandaele, a senior researcher at the European Trade Union Institute (ETUI), points to the potential use of discursive or social power (such as coalitions and the media) ‘to be translated into rulemaking and institutional power, when the state takes on responsibility for regulating employment relations in the platform economy, by setting minimum standards on wages and social protection’ (Vandaele 2018, 16).
Cant argues that certain forms of collective representation of platform workers is emerging (Ibid, 18) – grassroots unions, union affiliated guilds, traditional unions, labour market intermediaries such as labour mutual or quasi-unions and worker led cooperatives.

Importantly, platform workers are now becoming an issue for organized labour. The Transport Workers Union of Australia, for example, protested against Deliveroo’s policy of categorizing food delivery workers as independent contractors, instead of employees. Partnering with the Ride Show Drivers Cooperative and Delivery Riders Alliance they have campaigned for a minimum wage, the right to bargain and successfully forced Foodora (a rival food delivery company) to pay back unpaid wages (Chan 2019).

The new digital technology, I am suggesting, is a double-edged sword; on the one hand it is leading to an extension of authoritarian managerial control over workers, increasing their insecurity and deepening levels of inequality. On the other hand, by technologically linking workers they have increased their workplace bargaining power providing them with the ability to develop collective solidarity and even strike action. What then of the future?

3. Looking forward

Three perspectives on the future of food platforms can be identified (Cant 2020, 140–156) The first is the idea of greater automation; the second an attempt at regulation, what Cant describes as a ‘liberal reform agenda’ (Ibid, 140); the third is some form of democratic reorganisation from below, led by workers.

Let me turn to the first option, automation. Beverley Silver identifies a number of strategies employed by capital to undermine the power of labour (Silver 2014). The one that is most appropriate to this commentary is what she calls the technological fix, where capital reorganises production, including flexible work rules, just-in-time delivery systems, teamwork, quality circles, outsourcing and, above all, the introduction of labour saving technology (Silver 2014, 48–58).

Technological fixes have, Silver argues, been a significant weapon in employer responses to labour unrest (Silver 2014, 101). The most widely studied case is that of containerisation and dock automation in the shipping industry. These new forms of technology dramatically downsized the dock labour force in the second half of the twentieth century and account in large part for the decline in dock worker militancy and organisation.

Could automation be applied to the food platforms? According to CantDeliveroo intends to introduce full automation of food production and delivery as a way of doubling theirprofits margins and halving their costs to customers (ibid, 140). Understandably Cant is sceptical of the feasibility of such a project on technical and cost grounds (ibid, 143). He ends by evoking the historical analogy of a possible ‘luddite-style mass machine breaking of delivery drones’ (Ibid, 144).

A second option, what Cant calls ‘progressive liberalism’ is to allow the unprotected platform workforce to be covered by benefits. The example Cant gives is a proposal by a ‘progressive liberal’ to make all employers pay a full-time benefits package regardless of the number of hours worked (currently in US employment law, employers only have to pay for benefits if employees work for over 30 hours a week). The proposal is a step in the direction
of extending worker rights, but is undermined by the suggestion that workers – like Uberdrivers – can work as many hours as they want but with no minimum rate of pay or bargaining rights (Ibid, 146). This proposal, if implemented, would simply uberise all work.

A third option (which speaks more directly to the theme of this special issue) is the idea of platform cooperatives where the members ‘own’ the enterprise. By connecting workers (both couriers and software engineers) with customers via a new cooperative platform structure, the dominance of existing private platforms would be challenged. The start up costs would be relatively low and the model seems attractive. Of course the problem with this cooperative model is that it does not take into account the aggressive competition that the model would immediately be faced with. Lacking similar cash reserves, and to protect their market share, ‘workers would likely accept lower wages, and so get locked into an intractable race to the bottom they were supposed to have escaped. Self-exploitation, not much different from the effects of a piece wage, would be the conditions of viability’ (ibid, 149).

Arguably the lack of capital could be overcome by state intervention, but Cant has a more radical proposal in mind, the expropriation of the private resources of food platforms, including ‘their data centres, dark kitchens, and consumer base’ (ibid, 150). This expropriated capital would then, he continues, be placed under workers’ control via a system of democratic self-management participated in by all workers, from office cleaners to software engineers, call centre staff, app watchers, and delivery riders’ (ibid, 151).

Workers control of an on-demand food delivery platform is an imaginative idea and forms part of the proposal for Universal Basic Services, UBS, put forward in a report by the UCL Institute of Global Prosperity (Cited in Cant:151). The report develops a case for the introduction of a range of services, free at the point of access, covering healthcare, education, legal services, shelter, transport, information and food (Ibid, 152).

Of course the idea of ‘workers control’ under the present highly uneven balance of power between capital and labour would seem utopian. This is what the informal transport workers of Uganda, the Kampala MetropolitanBoda-Boda Entrepreneurs (KAMBE) found when they tried to launch their own worker owned apps: they underestimated the financial and budgetary impediments (Global Labour Institute, 2020, 70). Although they had much of what is required for a worker controlled platform, the launch has been stalled while attempts are being made to overcome these impediments, as well as the lack of smart phones and knowledge of the app amongst the drivers.

4. Conclusion

We have demonstrated in this commentary how a new business model has emerged amongst the global IT giants such as Apple and Amazon. We have suggested a shift away from a more inclusive and participatory corporate sector that evades corporate governance codes, laws and policies (like anti-trust, and competition policy). Control is now exercised through a small, mathematically proficient elite dominating decision-making and policy by owning and controlling the ‘algorithm’. In the process even greater (income and wealth) inequalities are created.

This unprecedented concentration of wealth and power is generating resistance to the precarious employment conditions in these Giant Tech companies. These actions are leading to increasing attempts to regulate the sector. In California, for example, legislators
approved a landmark bill that requires companies like Uber and Lyft to treat contract workers as employees (Conger and Scheiber 2019). For these attempts to be effective, regulation will require a coordinated challenge from above and especially from below.

I have suggested that hybrid forms of union-like organisations are emerging side by side with traditional trade unions to defend the needs and interests of workers in the digital economy. Historically the world of work has been constantly transformed through what Beverly Silver calls ‘technological fixes’. These technological fixes lead to new types of workers, new forms of worker organisation and new modes of struggle. In other words, those who speak of the ‘end of labour’ are speaking of the end of a particular kind of worker organisation. Instead, what is emerging in the digital economy are hybrid forms of organisation. These include different types of associations that blur the distinction between traditional unionism, informal workers’ associations and cooperatives.

So despite obstacles posed by the platform model of work organisation, worker solidarity in the gig economy is possible and rooted in the structural antagonism intrinsic in the labour process. Its development, however, is not mechanistic but shaped by workers’ agency and by a diversity of contextual factors (Tassinari and Maccarrone, 2020).

If effective regulation of platform capitalism is to emerge then collective representation and voice for workers in the digital economy will be necessary. There are two main reasons for this: firstly, in order to mitigate the risk faced by platform workers and for improving the terms and conditions governing their work. Secondly, in order to rebalance the power and information asymmetries between the platforms and their workers. This raises questions on the nature of ownership in this new business model. Is ownership in these tech giants less visible, more diffused, or less transparent? Is there less accountability? Are boards rendered less powerful by all powerful CEOs?5

These are the questions emerging as a new research agenda evolves on the digital economy. However, until the sharp imbalance in the power relationship between capital and labour is addressed both at the local and corporate level, the uberrisation of work will continue and attempts to regulate platform capitalism will have a limited impact.

Notes

1. The senior engineer wrote in his resignation letter that these conditions are ‘evidence of a vein of toxicity running through the company culture.I choose neither to serve nor drink that poison’.
2. Some classes of shares give ‘executive owners’ the power to control a corporation’s decision making without having a voting majority in exchange for taking a lower share of profit.
3. Interestingly, the executive owners of these tech giants are often very visible as philanthropists contributing substantially to worthy causes but are largely invisible when it comes to questions of employment.
4. For a fuller development of this argument, see Anwar and Graham (2020).
5. Getting detailed answers to these questions will not be easy and most of what we know is anecdotal derived from the financial press. Most of the Big tech companies have charismatic leaders (e.g. Jack Ma at Alibaba and Elton Musk at Tesla) and they are skilful at getting their way with regulators and governments, e.g. Tesla’s early opening in California following Covid shutdown. The one exception is the EU as they are prepared to take on the Tech giants through their member states (Email communication, Jerry Coakley, Professor of Finance, Essex Business School, University of Essex. 14 May 2020.
Disclosure statement

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